

**MINUTES OF THE
GOVERNMENT COMPETITION AND PRIVATIZATION SUBCOMMITTEE**

Wednesday, September 26, 2007 – 1:00 p.m. – Room W125 House Building

Members Present:

Sen. Howard A. Stephenson, Senate Chair
Rep. Craig A. Frank, House Chair
Sen. Brent H. Goodfellow
Sen. Wayne L. Niederhauser
Rep. Tim M. Cosgrove
Rep. Michael T. Morley

Members Absent:

Rep. Carl W. Duckworth
Rep. Kevin S. Garn
Rep. Mark W. Walker

Staff Present:

Mr. Leif G. Elder, Research Analyst
Ms. Patricia Owen, Associate General Counsel
Ms. Phalin L. Flowers, Legislative Secretary

Note: A list of others present, a copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Subcommittee Business

Chair Frank called the meeting to order at 1:27 p.m. He excused Rep. Garn from the meeting.

MOTION: Rep. Morley moved to approve the minutes of the September 6, 2007 meeting. The motion passed unanimously.

2. Local Government Facilities and Services

Sen. Scott K. Jenkins distributed and discussed S.B. 222, 1st Substitute S.B. 222, and 2nd Substitute S.B. 222, all titled "Local Government Feasibility and Economic Impact Studies," from the 2004 General Session. He voiced concern that a municipality may not be evaluating competitive impacts before it offers a service or builds a facility.

Mr. Lincoln Shurtz, Director of Legislative Affairs, Utah League of Cities and Towns, explained that municipalities currently conduct feasibility studies and that municipalities would not be able to obtain bonds to complete projects without doing those studies.

3. Local Government Budgeting

This item was not discussed.

4. Imputing Taxes / Charge Full Price

Sen. Stephenson introduced this issue and explained that appropriate pricing is related to a government competing with the private sector, in relation to the use of public buildings for private functions, such as wedding receptions.

Mr. Roger Tew, Utah League of Cities and Towns, said that, overall, the public assumes a public building is available for use beyond the purpose of the building. He explained that the fees a municipality may charge for the use of a public building are generally related to costs such as a cleaning deposit rather than being set at a profitable amount for the municipality.

Ms. Tanya Henry, previous private business owner and member of the Utah Privatization Policy Board, spoke in favor of limiting the use of public buildings for private functions.

5. Broadband

Mr. Elder distributed and discussed a letter to the Subcommittee from Baja Broadband concerning municipal broadband. He also distributed and discussed a presentation titled "Utah Telecommunication Open Infrastructure Agency." He overviewed the Telecommunications Act of 1996 as it relates to broadband, the actual and approved budgets of UTOPIA, the liability of pledging members of UTOPIA, and the types and amounts of bonds issued to UTOPIA.

Mr. David Shaw, Legal Counsel, UTOPIA, introduced Mr. Jim Baller with The Baller Herbst Law Group. Mr. Shaw also provided the subcommittee chairs with two binders that include UTOPIA's budget information, interlocal cooperative agreement, financial statements, and feasibility studies.

Mr. Baller gave a presentation on broadband's importance to the United State's global competitiveness.

Mr. Pete Ashdown, Owner, XMission Internet, explained that his company is a UTOPIA provider and spoke in support of UTOPIA.

Mr. Royce Van Tassell, Vice President, Utah Taxpayers Association, noted that UTOPIA's take-rates and household revenues are low because of broadband competition. He spoke in opposition to UTOPIA and said participating municipalities put taxpayer dollars at risk.

Mr. Jesse Harris, private citizen, explained that UTOPIA can provide businesses with higher broadband speeds at much lower costs than other providers.

Mr. Kyle Waters, Venture Data, noted that his business is located in Murray, which is a member of UTOPIA. He explained that his business was considering relocating, but after determining the cost savings that UTOPIA provides, his business decided not to relocate. He also said that he personally moved to Murray to be able to use the broadband offered by UTOPIA.

Mr. Eric Isom, Government Affairs Director, Qwest, asked that this discussion be continued at a future meeting.

6. Other Items / Adjourn

The next subcommittee meetings were scheduled for Monday, October 15, 2007 at 9:00 a.m. and Thursday, October 25, 2007 at 9:00 a.m.

MOTION: Sen. Goodfellow moved to adjourn the meeting. The motion passed unanimously.

Chair Frank adjourned the meeting at 5:22 p.m.